

COOPERATIVES AND FAIR TRADE, A PRODUCTIVE ALLIANCE



The United Nations General Assembly declared 2012 the International Year of Cooperatives

Why this initiative?

And why is the world organisation so intent on promoting this particular form of entrepreneurship?

The answer to these questions is relatively straightforward: "Through their distinctive focus on values, cooperatives have proven themselves a resilient and viable business model that can prosper even during difficult times. This success has helped prevent many families and communities from sliding into poverty."

Message of the Secretary General of the United Nations during the International Day of Cooperatives, July 3, 2011.



Mali - Crédit : Frederic Raevens / Fairtrade

As cohesive and participatory economic structures, cooperatives enable the mobilisation of more resources than members can manage individually. They make it possible to share and reduce costs, notably through the joint purchasing, in greater quantities and at lower prices, of supplies, agricultural inputs (fertilisers, seeds, equipment, etc.) and raw materials. **Cooperatives redistribute wealth fairly among their members** and, if they are effective, create long-term jobs for artisans, small agricultural producers (men and women) and marginalised groups.

The benefits of the cooperative model go beyond economic concerns. As the UN, the ILO (International Labour Organization) and many international farmer organisations point out, the cooperative model generates positive effects in many other areas. For example, it is a powerful emancipation vector for women (where they are considered fully equal to men), encourages agro-ecological practices and promotes peace in the most vulnerable regions.

What exactly is a cooperative?

The cooperative movement was born in Great Britain in 1844 with the creation of Equitable Pioneers, a group of weavers in Rochdale, near Manchester, who joined forces to provide their clients with quality products at reasonable prices while ensuring a decent income for members.

Today, the International Co-operative Alliance, the voice of the global cooperative movement, defines this special com-

pany organisation as follows: "A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."

From a strictly legal standpoint, there are a number of forms of cooperative businesses depending on the country and the sector, but all follow the seven major principles that make it possible to implement the values of cooperation.



Coopérative Agropia (Pérou) - Crédit : Agropia / Ethiquable



Coopérative Nyakahita Muhirwa (Ouganda) - Crédit : Andy Carlton / Twin

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation among Cooperatives
7. Concern for Community

Cooperatives and fair trade

The cooperative movement and fair trade form a strong, productive pairing that share values and common roots and mutually strengthen one another.

The two movements were born, each in their own era, as alternatives to the dominant capitalist system. Both subordinate entrepreneurship to human and social goals by placing primary emphasis on the payment of a fair price and receipt of a fair income.

The cooperative model was the fertile ground that enabled fair trade to bloom. According to Fairtrade International (which brings together certifiers like Max Havelaar), 75% of certified organisations are today still small producer coopera-

tives.

The opposite is also true. Thanks to the economic benefits it provides and the international cooperatives it enables, fair trade significantly contributes to the successes of the cooperative groups that benefit from it. The latter have access to greater resources (financial resources, long-term commercial prospects, support and advice) thanks to which they can invest even more in their social goal.

A multitude of examples

There are many examples of this fruitful alliance between cooperatives and fair trade. Here are a few which receive support from Trade for Development Centre of BTC, the Belgian development agency.

The success of the Bolivian Cotapata cooperative (which marked the recent history of fair trade by producing the first fair trade gold ingot in January 2011) **would not have been possible if it had not benefited from resources and support from fair trade players.** With the help of the Cumbre del Sajama organisation, Fairtrade International, and the Trade for Development Centre, this mining community reaped the fruits of years of efforts on behalf of the well-being



Coopérative Cafe Timor (Timor Leste) - Crédit : psymca.or.kr



Producteurs palestiniens - Crédit : Fair Do's Volunteers

of its (male and female) members and of an increased respect for the environment, meanwhile providing couples with an opportunity to declare their love with 'virtuous' jewels.

Handicraft cooperatives enable women to organise themselves.

In **Morocco**, textile handicrafts are traditionally done by women, enabling them to contribute to their family's - income. Traditional weaving, renowned around the entire Mediterranean basin, has been carried out for centuries in the heart of Marrakesh, one of the most beautiful cities in Morocco. It is also in this timeless city of a thousand colours that the **Femmes de Marrakech** cooperative was created in 1991 with the goal of developing a business **making quality fashion accessories** and increasing the income of women producers. -

The benefits of cooperatives are particularly evident in the coffee industry (which benefits the most from fair trade).

Fair trade certified coffee farmer cooperatives in both Latin America and Africa have been reaping commercial successes that have had a very significant impact on the thousands of families that benefit from them.

In **Uganda**, for example, the **Gumutindo** cooperative (which has nearly 7,000 producer members) has stood out on many occasions for the excellence of its superior quality coffee. The income from the coffee sold to fair trade importers and the development premiums paid by the latter (another specificity of fair trade) have enabled the cooperative to increase its social actions on behalf of the families of farmers. The building of schools, support for education, the creation of dispensaries, sport and cultural facilities, and the supply of electricity to villages are among the investments jointly decided by workers and managed by the representatives they elect within the cooperative's management bodies.

The cooperative's women coffee growers have been working in close partnership with the management team since 2009 to develop a line of organic fair trade coffees produced exclusively by women: "Women's Coffee". The coffee grown and harvested is of high quality and benefits from irreproachable traceability.

Coffee producers find it extremely hard going in the **South Kivu region of the Democratic Republic of Congo**, due to the lack of outlets for their products and, especially, because of the troubles riling the country. Hundreds of farmers drown every year trying to cross Lake Kivu to reach Rwanda, where they hope to find buyers for their harvests.

The **SOPACDI** cooperative was created to prevent these deaths. It buys the harvests of its 3,000 or so members to re-sell them at the best price and it initiates collective development projects. A significant portion of SOPACDI's production was certified Fairtrade in July 2011 (awarded by FLO-Cert).

There are thousands of examples of production cooperatives like these around the world, which are growing, welcoming new members and contributing to the harmonious economic and social development of their regions thanks to fair trade.



Femmes de Marrakech



Coopérative Cotapata (Bolivie)
Crédit : Cumbre del Sajama / Cotapata



Coopérative Gumutindo (Ouganda)
Crédit : Trade Aid New Zealand



Coopérative Sopacdi
(République Démocratique du Congo)
Crédit : Oxfam Wereldwinkels



A way forward

In the current global economic crisis, the cooperative system is proving to be one of the models to follow to bring together productive entrepreneurship and sustainable development. Fair trade and other types of certification are powerful and effective tools for supporting these initiatives everywhere in the world.

It is also the reason why the Trade for Development Centre of BTC, the Belgian development agency, has been providing technical and financial support for many years to cooperatives that choose to commit to this approach.

We hope that 2012 will be a year full of projects and successes for cooperatives.

To find out more:-

Presentations on the Gumutindo, Femmes de Marrakech, Cumbre del Sajama and Sopacdi projects supported by the TDC.

Trade for Development Centre publications are available at www.befair.be.